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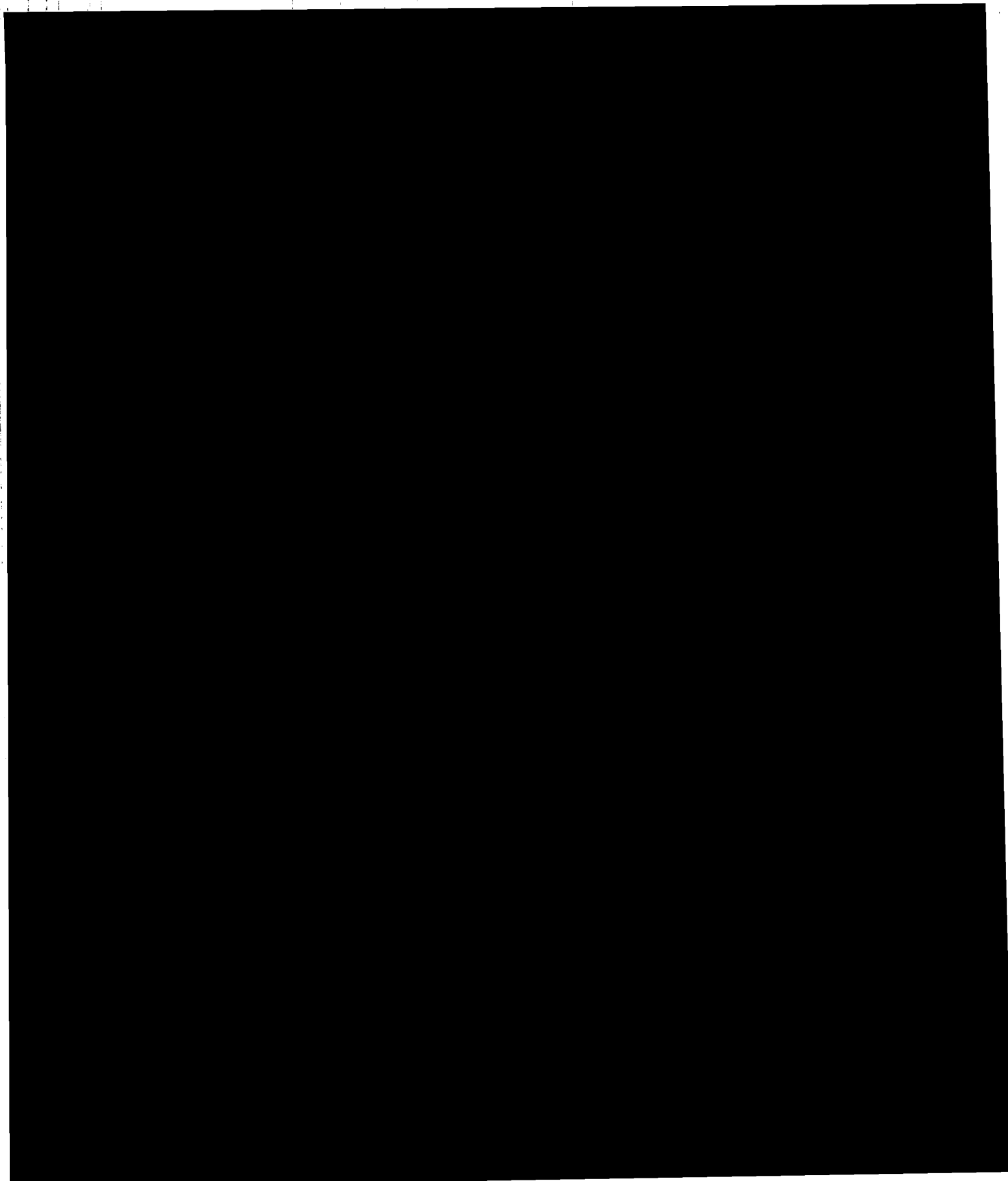
Near East and South Asia Review

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CONTENTS

India: Gandhi Sets the Tone for Relations With
Its Smaller Neighbors 6

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India: Gandhi Sets the Tone for Relations With
Its Smaller Neighbors [REDACTED]

In recent meetings between Prime Minister Gandhi and rulers of Nepal, Bangladesh, and Bhutan, Gandhi has left little doubt that her return to power signifies the restoration of a less conciliatory approach toward these weak but strategically located neighboring states. India does not want its role as the preeminent regional power diminished or challenged and is suspicious of efforts to counterbalance India's overwhelming presence. [REDACTED]

While campaigning for reelection last fall, Gandhi criticized the Janata government for going overboard with the "good neighbor" policy she herself adopted toward the end of her previous tenure (1966-77). She believed that India's decisive victory over Pakistan in 1971 clearly established India's predominance and permitted her to be more generous in dealing with other neighbors. During its two-and-a-half-year rule, the Desai administration concluded bilateral agreements with Nepal and Bangladesh that were too generous in Gandhi's view. Bhutan, meanwhile, utilized Gandhi's political eclipse to act somewhat more independently, despite a treaty obligation requiring it to consult with India in foreign policy matters. [REDACTED]

At the Nonaligned Conference last fall, for example, the King of Bhutan ignored India's recommendation to acquiesce in Vietnam's invasion of Kampuchea. The King also made arrangements to open an embassy in Bangladesh, and the two countries hurriedly exchanged resident ambassadors before Gandhi's new government took office in January. [REDACTED]

Gandhi's sweeping electoral victory places her in almost absolute control of Indian foreign policy, and she will determine whether India should be tough or permissive toward its neighbors. The regional states are acutely aware of their vulnerability to Indian policy in economic and security matters and realize that running afoul of Gandhi is not in their best interest. [REDACTED]

14 March 1980

On the other hand, the Pakistan-Afghanistan conflict has brought new uncertainties to South Asia, and Gandhi's recent outwardly warm meetings with neighboring rulers may reflect her discomfiture at being the only regional leader to accept Moscow's rationale for the takeover in Afghanistan. India has not found any local support for the concept of a regional conference to consider solutions to the Afghan crisis, and Gandhi presently lacks the backing to speak in behalf of the entire region on the matter.

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Nepal's King Birendra, who just returned from talks in New Delhi, is most unlikely to cross Gandhi in the near future, however, because his government is under strong domestic political and economic pressure. Soaring prices on essential commodities and increasing fuel shortages are troubling the Nepalese economy. At the same time, Birendra is cautiously responding to public demands to liberalize his tightly controlled governing system. This delicate process--which India favors--could erupt in political chaos at almost any time. Birendra realizes that Gandhi considers Nepal to be within India's security orbit, and many Nepalese expect she may try to influence the political process and even send in the Indian military if Nepal's political transformation ran into deep trouble. Gandhi most likely warned Birendra about the danger of increased Chinese influence in Nepal, but he probably is much more apprehensive about possible Indian intervention.

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There are no pressing bilateral issues, but India and Nepal are frequently at odds over trade matters and the adequacy of transit facilities for landlocked Nepal through India. The two sides also disagree over approaches toward the much needed development of Nepal's eastern water resources. India is opposed to a comprehensive regional scheme in conjunction with Bangladesh, partly because it feels threatened by almost any effort to strengthen ties among the small countries on its periphery.

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Gandhi's assent is crucial to any breakthrough on water sharing. The immediate outlook is not promising, however, because New Delhi has recently assumed a hard line in negotiations with Bangladesh over apportionment of water from the Ganges River. While Gandhi was out of

14 March 1980

office in 1977, India and Bangladesh agreed to make independent engineering studies and arrive at an agreement within three years for developing and sharing water resources. [REDACTED]

Bangladesh wants to involve Nepal, where almost a third of the Ganges water originates. India, however, favors building a canal across Bangladesh, linking the Ganges with the Brahmaputra River in India's Assam State. The 18th session of bilateral talks ended last month in deadlock. [REDACTED]

The monsoon of 1979 produced the smallest amount of rainfall in decades, and water shortages this year will have serious economic repercussions in both India and Bangladesh. Gandhi may try to exploit Indian dissatisfaction with the 1977 interim agreement, signed when she was out of office, in order to discredit the Communist government of West Bengal State and possibly trigger its downfall later in the year. [REDACTED]

Indo-Bangladesh trade issues, minor boundary disputes, and cross-border movements by tribal insurgents flare up periodically and are bound to strain relations in the next few years. Bangladesh President Zia is well aware, however, that he cannot afford to irritate Gandhi. He was temporarily buoyed by his talks with Gandhi in January, but frustration and resentment have again colored Dacca's attitude toward India as a result of the failure of the latest round of water talks. [REDACTED]

The 24-year-old King of Bhutan has also acquired a more realistic picture of Bhutan's limited latitude in foreign affairs while Gandhi rules India. Following a visit with Gandhi in late February, the King was more guarded about any revision in the 1949 Indo-Bhutanese treaty or normalizing relations with China. Last September he said the treaty needed updating to remove the ambiguity stemming from Bhutan's agreement to consult with India on foreign policy. [REDACTED]

Gandhi probably extinguished whatever aspirations the King may have had for establishing diplomatic or trade relations with China or demarcating the Sino-Bhutanese border. The Bhutanese are likely to find India's heavy hand in their affairs increasingly offensive, but Bhutan has little choice but to toe the line with India and concentrate on developing its infrastructure, largely with Indian aid. [REDACTED]

14 March 1980